FIG. 1A

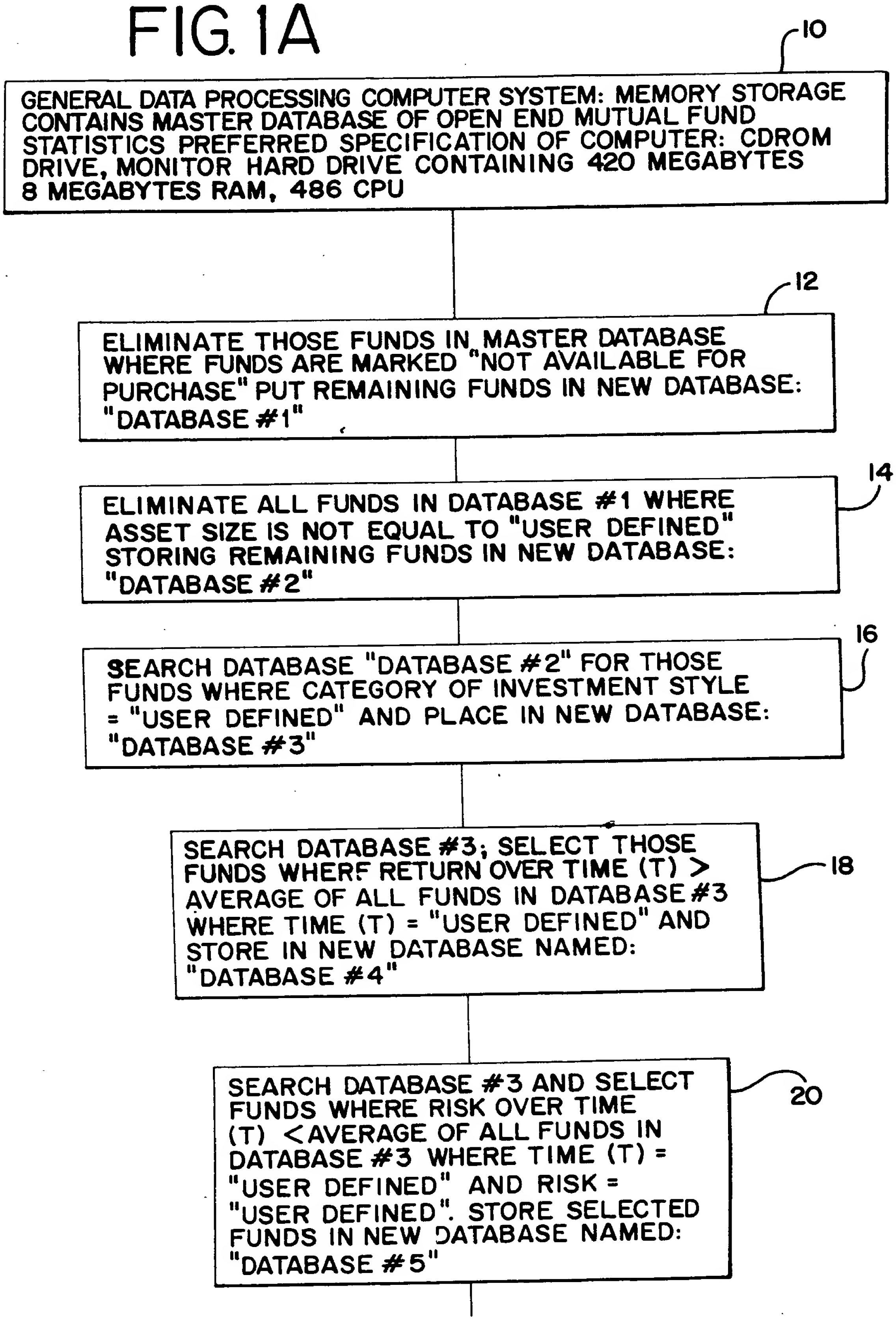
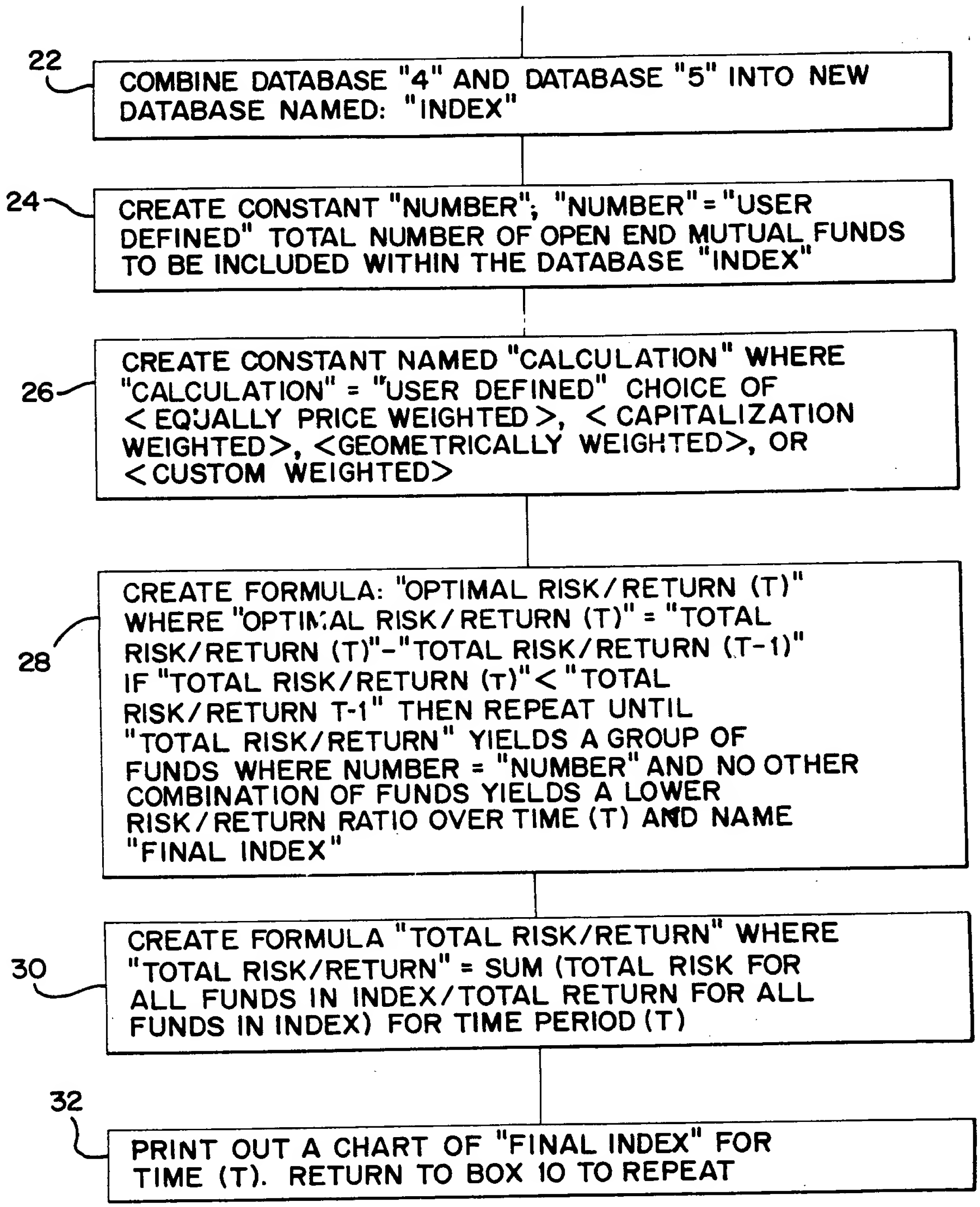

10
GENERAL DATA PROCESSING COMPUTER SYSTEM: MEMORY STORAGE CONTAINS MASTER DATABASE OF OPEN END MUTUAL FUND STATISTICS PREFERRED SPECIFICATION OF COMPUTER: CDROM DRIVE, MONITOR HARD DRIVE CONTAINING 420 MEGABYTES 8 MEGABYTES RAM, 486 CPU
12
ELIMINATE THOSE FUNDS IN MASTER DATABASE WHERE FUNDS ARE MARKED "NOT AVAILABLE FOR PURCHASE" PUT REMAINING FUNDS IN NEW DATABASE: "DATABASE #1"
14
ELIMINATE ALL FUNDS IN DATABASE #1 WHERE ASSET SIZE IS NOT EQUAL TO "USER DEFINED" STORING REMAINING FUNDS IN NEW DATABASE: "DATABASE #2"
16
SEARCH DATABASE "DATABASE #2" FOR THOSE FUNDS WHERE CATEGORY OF INVESTMENT STYLE = "USER DEFINED" AND PLACE IN NEW DATABASE: "DATABASE #3"
18
SEARCH DATABASE #3; SELECT THOSE FUNDS WHERE RETURN OVER TIME (T) > AVERAGE OF ALL FUNDS IN DATABASE #3 WHERE TIME (T) = "USER DEFINED" AND STORE IN NEW DATABASE NAMED: "DATABASE #4"
20
SEARCH DATABASE #3 AND SELECT FUNDS WHERE RISK OVER TIME (T) <AVERAGE OF ALL FUNDS IN DATABASE #3 WHERE TIME (T) = "USER DEFINED" AND RISK = "USER DEFINED". STORE SELECTED FUNDS IN NEW DATABASE NAMED: "DATABASE #5"

FIG. 1B


22
COMBINE DATABASE "4" AND DATABASE "5" INTO NEW DATABASE NAMED: "INDEX"
24
CREATE CONSTANT "NUMBER"; "NUMBER" = "USER DEFINED" TOTAL NUMBER OF OPEN END MUTUAL FUNDS TO BE INCLUDED WITHIN THE DATABASE "INDEX"
26
CREATE CONSTANT NAMED "CALCULATION" WHERE "CALCULATION" = "USER DEFINED" CHOICE OF <EQUALLY PRICE WEIGHTED>, <CAPITALIZATION WEIGHTED>, <GEOMETRICALLY WEIGHTED>, OR <CUSTOM WEIGHTED>
28
CREATE FORMULA: "OPTIMAL RISK/RETURN (T)" WHERE "OPTIMAL RISK/RETURN (T)" = "TOTAL RISK/RETURN (T)"-"TOTAL RISK/RETURN (T-1)" IF "TOTAL RISK/RETURN (T)" < "TOTAL RISK/RETURN T-1" THEN REPEAT UNTIL "TOTAL RISK/RETURN" YIELDS A GROUP OF FUNDS WHERE NUMBER = "NUMBER" AND NO OTHER COMBINATION OF FUNDS YIELDS A LOWER RISK/RETURN RATIO OVER TIME (T) AND NAME "FINAL INDEX"
30
CREATE FORMULA "TOTAL RISK/RETURN" WHERE "TOTAL RISK/RETURN" = SUM (TOTAL RISK FOR ALL FUNDS IN INDEX/TOTAL RETURN FOR ALL FUNDS IN INDEX) FOR TIME PERIOD (T)
32
PRINT OUT A CHART OF "FINAL INDEX" FOR TIME (T). RETURN TO BOX 10 TO REPEAT

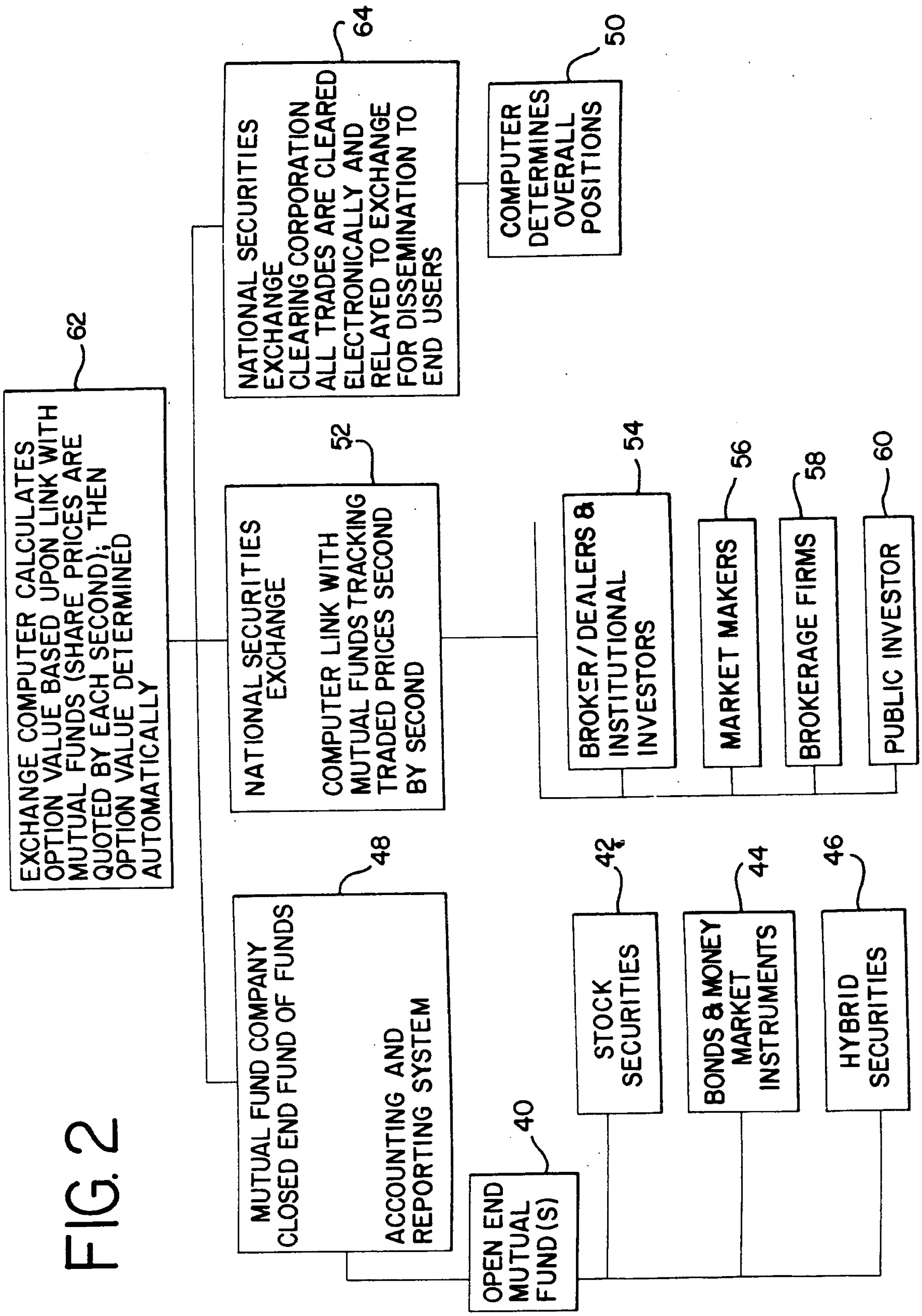

EXCHANGE COMPUTER CALCULATES OPTION VALUE BASED UPON LINK WITH MUTUAL FUNDS (SHARE PRICES ARE QUOTED BY EACH SECOND); THEN OPTION VALUE DETERMINED AUTOMATICALLY
62
NATIONAL SECURITIES EXCHANGE CLEARING CORPORATION ALL TRADES ARE CLEARED ELECTRONICALLY AND RELAYED TO EXCHANGE FOR DISSEMINATION TO END USERS
64
COMPUTER DETERMINES OVERALL POSITIONS
50
NATIONAL SECURITIES EXCHANGE
COMPUTER LINK WITH MUTUAL FUNDS TRACKING TRADED PRICES SECOND BY SECOND
52
BROKER/DEALERS & INSTITUTIONAL INVESTORS
54
MARKET MAKERS
56
BROKERAGE FIRMS
58
PUBLIC INVESTOR
60
MUTUAL FUND COMPANY CLOSED END FUND OF FUNDS
ACCOUNTING AND REPORTING SYSTEM
48
STOCK SECURITIES
42
BONDS & MONEY MARKET INSTRUMENTS
44
HYBRID SECURITIES
46
OPEN END MUTUAL FUND (S)
40

FIG. 2